Transcom Q2

Second Quarter 2016 Results

This information is information that Transcom WorldWide AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 CET on July 19, 2016.

"Soft volumes continued to impact Transcom's results this quarter. As stated last quarter, implemented measures are expected to yield improvements in the second half of the year."

Johan Eriksson, President and CEO of Transcom

KEY HIGHLIGHTS Q2 2016

- Organic revenue decreased by 8.7%, out of which 3.6% is related to Transcom's previously disclosed decision not to renew an agreement with an Italian public sector client.
- EBIT margin decreased to 2.1%, mainly due to the volume decrease in the English-speaking markets & APAC region. However, good progress was made during the quarter in terms of increasing capacity utilization in the region, supporting improvements for the second half of the year.
- Cost reduction and operational efficiency programs progressing according to plan.

Q2 2016 FINANCIAL HIGHLIGHTS

- **Net revenue** €140.0 million, a 10.9% decrease compared to Q2 2015 (€157.0 million). Organic revenue decreased by 8.7%.
- **Gross margin** 18.6% compared to 19.3% in the same period 2015.
- **EBIT** in Q2 2016 was €3.0 million (€4.7 million).
- **EPS** 3.9 Euro cents compared to 4.3 Euro cents in Q2 2015.

YTD 2016 FINANCIAL HIGHLIGHTS

- **Net revenue** €287.2 million, a 9.7% decrease compared to the same period last year. (€317.9 million). Organic revenue decreased by 8.6%.
- **Gross margin** excluding non-recurring items 18.6% compared to 19.5% in the same period 2015.
- **EBIT** was €6.8 million (€10.6 million). EBIT excluding non-recurring items was €6.3 million (€10.6 million).
- **EPS** 7.9 Euro cents compared to 24.9 Euro cents in the same period 2015.
- **Net debt/EBITDA** 0.6.

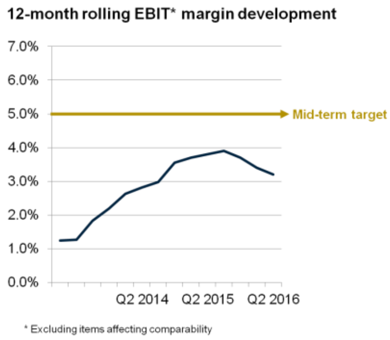
(€m)	2016 Q2	2015 Q2	Change Y-o-Y	2016 Jan-Jun	2015 Jan-Jun	Change Y-o-Y	2015 Jan-Dec
Revenue	140.0	157.0	-10.9%	287.2	317.9	-9.7%	626.5
Gross profit excl. non-recurring items*	26.0	30.2	-13.9%	53.4	61.8	-13.6%	124.7
EBITDA excl. non-recurring items*	5.0	7.0	-28.8%	10.3	15.1	-31.7%	32.3
EBIT excl. non-recurring items*	3.0	4.7	-37.1%	6.3	10.6	-40.5%	23.2
EBIT	3.0	4.7	-37.1%	6.8	10.6	-36.1%	20.0
Profit before tax	2.6	3.3	-21.3%	4.1	10.4	-60.4%	17.4
Net income	1.0	1.1	-	2.1	6.5	-	8.7
EPS (Euro cents)	3.9	4.3	-	7.9	24.9	-	33.2
Cash flow from operating activities	10.4	21.0	-	2.5	20.6	-	20.6
Total weighted average outstanding number of shares before dilution ('000)	26,176	26,095	-	26,157	26,062	-	26,100
Total weighted average outstanding number of shares after dilution ('000)	26,212	26,129	-	26,212	26,080	-	26,162

**Excluding non-recurring items of €-1.5m in Jan-Jun 2016 in Gross profit (Jan-Dec 2015 €-1.0m), €0.5m in EBIT in Jan-Jun 2016 (Jan-Dec 2015 €-3.2m).*

Comments from the President and CEO

As anticipated and disclosed in our Q1 2016 interim report, soft volumes continued to impact Transcom's results this quarter. Improved capacity utilization, mainly in Asia, as well as efficiency improvements and cost savings are expected to drive improvements in the second half of this year.

Organic revenue decreased by €13.3 million (-8.7%) compared to Q2 2015. In the English-speaking markets & APAC region, lower volumes on some client accounts impacted our revenue. In the North Europe region, call volumes with telecom clients in Sweden and Norway were lower than last year. In addition to this, the divestment of CMS Denmark during Q1 2016 had a €3.0 million negative impact on revenue in the quarter. In the Continental Europe region, our previously disclosed decision not to submit a tender for a new agreement with one of our public sector clients in Italy had a €5.6 million (-3.6%) negative impact on the revenue comparison vis-à-vis Q2 2015. In the region, we also saw lower business volumes with some clients in Spain.



Mainly due to soft volumes, Transcom's EBIT margin development on a rolling 12-month basis deteriorated slightly this quarter. Improving our EBIT margin is our most prioritized target at the moment. The realignment of our regional management structure in the Continental Europe region is progressing according to plan and is starting to yield improvements. The program is expected to yield €2.9 million in annual cost savings, estimated to take full effect during Q4 2016. I expect further efficiency gains in addition to these direct cost savings to be realized in the coming years. In addition to this, our Group-wide operational excellence program is also moving ahead as planned, generating improvements over the coming years, starting in the second half of 2016. The expected margin uplift will also be supported by the fact that several of the growth opportunities that I highlighted in our Q1 2016 report, mainly in the English-speaking markets & APAC region, are expected to materialize in the second half of this year. We have already started to prepare for volume increases on several client accounts.

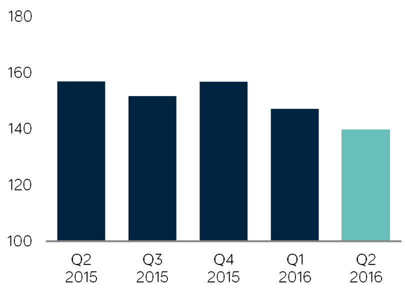
As disclosed on July 14, we have signed a renewed agreement with Tele2, one of Europe's leading telecom operators. Tele2 is Transcom's largest client, accounting for roughly 15 percent of revenue. Approximately 2,000 employees are currently dedicated to the Tele2 account, providing multichannel customer service and support to customers in Croatia, Estonia, Germany, Latvia, Lithuania, the Netherlands and Sweden. In the last few years, we have strengthened our partnership with Tele2, with a focus on consistent and efficient delivery of world-class customer service. Together, we have managed to exceed ambitious targets set for customer satisfaction. The new agreement creates a stable platform from which to continue developing the award-winning customer service.

As a result of the positive profitability trend over the last few years, Transcom's financial position is strong. This allowed Transcom to pay a dividend for 2015, amounting to SEK 1.75 per share. At the end of Q2 2016, our net debt/EBITDA ratio stood at 0.6, compared to 0.7 at the end of Q1 2016 (0.3 in Q2 2015).

Johan Eriksson, President and CEO of Transcom

Group Operating Review

Revenue



(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	140.0	157.0	287.2	317.9	626.5
Gross profit*	26.0	30.2	53.4	61.8	124.7
Gross margin*	18.6%	19.3%	18.6%	19.5%	19.9%
EBIT*	3.0	4.7	6.3	10.6	23.2
EBIT margin*	2.1%	3.0%	2.2%	3.3%	3.7%
EBIT	3.0	4.7	6.8	10.6	20.0
EBIT margin	2.1%	3.0%	2.4%	3.3%	3.2%

**Excluding non-recurring items of €-1.5m in Jan-Jun 2016 in Gross profit (Jan-Dec 2015 €-1.0m), €0.5m in Jan-Jun 2016 in EBIT (Jan-Dec 2015 €-3.2m).*

Revenue development

(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
North Europe	44.9	48.5	92.1	101.0	201.9
Continental Europe	62.1	69.1	124.3	139.3	262.4
English-speaking markets & APAC	30.0	35.9	65.0	71.2	149.2
Latin America	3.0	3.5	5.8	6.4	13.1
TOTAL REVENUE FOR THE PERIOD	**140.0**	**157.0**	**287.2**	**317.9**	**626.5**

SECOND QUARTER

Organic revenue decreased by €13.3 million (-8.7%) compared to Q2 2015, mainly due to lower volumes in the English-speaking markets & APAC region. Transcom's decision not to bid for a renewed public sector client agreement in Italy had a €5.6 million negative impact (-3.6%) on the revenue comparison vis-à-vis Q2 2015. Currency effects had a €0.8 million negative effect (-0.5%). The divestment of CMS Denmark had a €3.0 million negative impact (-1.9%).

SIX MONTHS

Organic revenue decreased by €26.9 million (-8.6%) compared to the same period 2015, mainly due to lower volumes in the English-speaking markets & APAC region and the telecom sector in Sweden and Norway. Transcom's decision not to bid for a renewed public sector client agreement in Italy had a €11.7 million negative impact (-3.7%) on the revenue comparison with the same period 2015. Currency effects had a €0.1 million positive effect (0.0%). The divestment of CMS Denmark had a €3.9 million negative impact (-1.2%).

Operating result

(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
North Europe	1.4	2.0	2.8	4.5	10.0
Continental Europe	2.2	2.6	3.1	6.1	9.5
English-speaking markets & APAC	-0.5	1.1	0.8	2.2	7.3
Latin America	-0.1	-1.0	-0.3	-2.2	-3.7
EBIT FOR THE PERIOD*	**3.0**	**4.7**	**6.3**	**10.6**	**23.2**

**Excluding non-recurring items of € 0.5m in Jan-Jun 2016 (Jan-Dec 2015 €-3.2m), see Operating review per segment.*

SECOND QUARTER

The EBIT margin in the second quarter was 2.1% (3.0%). Consequently, Transcom's EBIT margin development on a rolling 12-month basis deteriorated slightly, from 3.4% to 3.2%. Profitability decreased in the English-speaking markets & APAC region due to lower volumes. In the North Europe region, lower call volumes with telecom clients in Sweden and Norway impacted on the EBIT margin. In addition to the effect of the non-renewal of the public sector agreement in Italy, lower prices on some client accounts had a negative effect on the EBIT margin in the Continental Europe region. In Spain, we also experienced continued lower efficiency at one of our contact centers. However, performance at this site improved during Q2 as a result of implemented measures.

EBIT BRIDGE (€m)	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
EBIT Q2 2015	2.0	2.6	1.1	-1.0	4.7
Disposed and closed business	-0.4	-0.4	-	0.6	-0.2
Cost development	0.0	0.1	1.5	0.1	1.7
Volume driven impacts	-0.1	-0.2	-2.7	0.1	-2.8
Price driven impacts	-	-0.7	-	-	-0.7
Efficiency driven impacts	-0.2	0.7	-0.5	0.1	0.1
Currency translation effect	0.0	0.0	0.0	-	0.0
Other	0.0	0.0	0.0	0.0	0.1
EBIT Q2 2016	**1.4**	**2.2**	**-0.5**	**-0.1**	**3.0**

SIX MONTHS

The EBIT margin in the first six months of 2016 was 2.2% (3.3% in the same period 2015). The decrease was mainly driven by lower volumes, the non-renewal of the public sector agreement in Italy and price adjustments implemented last year in Spain. In the English-speaking markets & APAC region, costs decreased and efficiency improved.

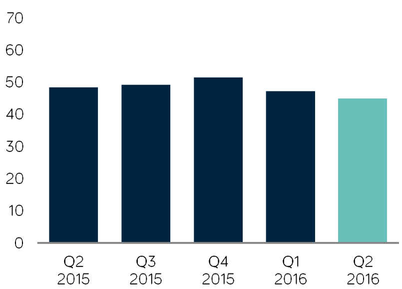
EBIT BRIDGE (€m)	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
EBIT Jan-Jun 2015	4.5	6.1	2.2	-2.2	10.6
Disposed and closed business	-0.5	-1.0	-	1.1	-0.5
Cost development	-0.1	0.1	1.1	0.3	1.4
Volume driven impacts	-1.3	-0.4	-3.3	0.2	-4.8
Price driven impacts	-	-1.4	-	-	-1.4
Efficiency driven impacts	0.0	-0.4	0.7	0.3	0.6
Currency translation effect	0.1	0.0	0.1	-	0.1
Other	0.1	0.1	0.0	0.0	0.2
EBIT Jan-Jun 2016*	**2.8**	**3.1**	**0.8**	**-0.3**	**6.3**

**Excluding non-recurring items of € 0.5m in EBIT.*

Operating review by segment

North Europe

Revenue



(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	44.9	48.5	92.1	101.0	201.9
Gross profit	7.9	8.7	15.9	17.9	37.0
Gross margin	17.5%	17.8%	17.3%	17.7%	18.3%
EBIT*	1.4	2.0	2.8	4.5	10.0
EBIT margin*	3.0%	4.1%	3.0%	4.5%	5.0%

**Excluding non-recurring items of €3.5m in Jan-Jun 2016 EBIT.*

SECOND QUARTER

Organic revenue was flat compared to the same period last year. The divestment of CMS Denmark during Q1 2016 had a €3.0 million negative impact on the revenue comparison, and currency movements had a €0.4 million negative impact. Lower call volumes with telecom clients in Sweden and Norway were counterbalanced by growth in the Netherlands, the Swedish interpretation business (Transvoice) and, to a lesser extent, the Baltic countries.

The EBIT margin decrease was primarily due to the divestment of CMS Denmark.

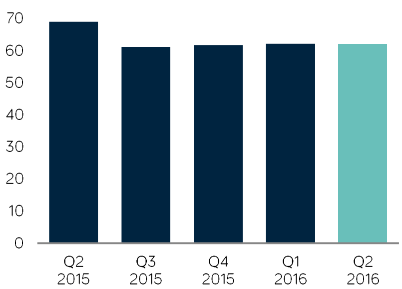
SIX MONTHS

Organic revenue decreased by 4.7% compared to the same period last year. The divestment of CMS Denmark during Q1 2016 had a €3.9 million negative impact on the revenue comparison, and currency movements had a €0.5 million negative impact. Lower volumes with clients in the telecom sector in Sweden and Norway was the main driver of the revenue decrease.

The EBIT margin decrease was mainly a result of lower revenue in Sweden and Norway, as described above, and the divestment of CMS Denmark.

Continental Europe

Revenue



(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	62.1	69.1	124.3	139.3	262.4
Gross profit*	10.7	11.5	20.2	24.5	45.6
Gross margin*	17.2%	16.7%	16.3%	17.6%	17.4%
EBIT*	2.2	2.6	3.1	6.1	9.5
EBIT margin*	3.5%	3.8%	2.5%	4.4%	3.6%

**Excluding non-recurring items of €-1.5m in Gross profit and €-2.7m EBIT in Jan-Jun 2016 (Jan-Dec 2015 €-0.1m in EBIT).*

SECOND QUARTER

The revenue decrease was primarily a consequence of Transcom's previously disclosed decision not to submit a tender for a new partnership with one of its former public sector clients in Italy. This had a €5.6 million negative impact (-8.1%) on the revenue comparison vis-à-vis Q2 2015. We also experienced lower business volumes with some clients, primarily in Germany and Spain, partly counterbalanced by growth in Croatia.

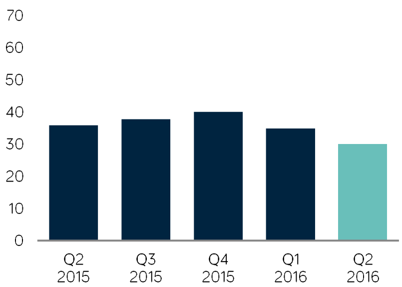
The lower EBIT margin is mainly due to price reductions implemented last year on some client accounts. The volume decrease compared to Q2 2015 also had an effect, as did lower efficiency at one of our contact centers in Spain. However, performance at this Spanish site improved during Q2.

SIX MONTHS

The non-renewal of the public sector agreement in Italy is the main reason for the revenue decrease vis-à-vis 2015. However, we also saw lower revenue on some clients accounts in Spain. The lower EBIT margin is mainly due to price reductions implemented last year on some client accounts. Lower volumes and lower efficiency at one of our contact centers in Spain also had a negative effect.

English-speaking markets & APAC

Revenue



(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	30.0	35.9	65.0	71.2	149.2
Gross profit*	6.8	9.9	15.9	19.3	41.1
Gross margin*	22.6%	27.5%	24.5%	27.0%	27.6%
EBIT*	-0.5	1.1	0.8	2.2	7.3
EBIT margin*	-1.6%	3.0%	1.2%	3.1%	4.9%

**Excluding non-recurring items of €-0.8m in Jan-Dec 2015.*

SECOND QUARTER

Organic revenue decreased by 16.0% as we experienced lower volumes on some client accounts, both on- and offshore. Currency translation effects impacted the revenue comparison negatively by €0.2 million (-0.5%).

The weakening of the GBP at the end of June resulted in a currency transaction effect, impacting revenue and EBIT in June negatively. This relates to volumes delivered from the Philippines, but invoiced in GBP. Following a change of contract terms, effective from July 1, 2016, Transcom is no longer exposed to GBP in relation to this client contract.

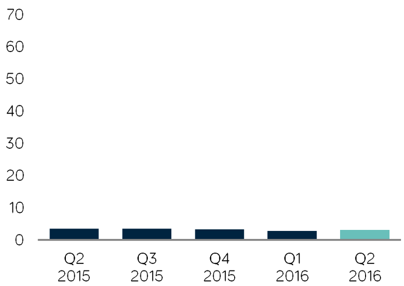
The EBIT margin decreased due to the fall in revenue.

SIX MONTHS

Organic revenue decreased by 9.8% in the period, as we experienced lower volumes on some client accounts, primarily in Asia. The EBIT margin decreased as a result of the volume drop.

Latin America

Revenue



(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	3.0	3.5	5.8	6.4	13.1
Gross profit*	0.7	0.2	1.4	0.2	0.9
Gross margin*	24.8%	6.4%	23.4%	2.9%	7.1%
EBIT*	-0.1	-1.0	-0.3	-2.2	-3.7
EBIT margin*	-2.9%	-27.4%	-5.2%	-35.2%	-28.0%

**Excluding non-recurring items of €-0.3m in EBIT in Jan-Jun 2016 (Jan-Dec 2015 €-0.2m in Gross profit, €-2.3m in EBIT).*

SECOND QUARTER

The revenue decrease is due to the closure of operations in Colombia. Revenue in Chile and Peru was essentially flat compared to the same period last year. The operations in Latin America are now approaching break-even, driven by volume increases and efficiency improvements. As previously announced, Transcom is evaluating strategic alternatives for the Latin American business.

SIX MONTHS

The revenue decrease is due to the closure of operations in Colombia. Revenue in Chile and Peru increased as a result of new projects won with domestic clients. Efficiency improvements and higher volume had a positive effect on EBIT.

Group Financial Review

DEPRECIATION & AMORTIZATION

Depreciation in the quarter was €1.8 million (€2.0 million) and amortization of intangible assets was €0.2 million (€0.3 million). During January to June 2016 depreciation amounted to €3.6 million (€3.8 million) and amortization €0.4 (€0.7 million).

SG&A

SG&A expenses were €23.2 million in the quarter compared to €25.8 million in Q2 2015. During January to June 2016 the SG&A expenses amounted to €48.5 million (€51.4 million).

TAXES

In Q2 2016, tax expenses amounted to €1.5 million, compared to €2.1 million in Q2 2015. The Q2 tax expenses comprise a tax credit of €0.7 million relating to the successful closing of a tax audit, but also a withholding tax cost of €0.6 million and an impairment of a deferred tax asset amounting to €0.4 million. During January to June, Transcom reported tax expenses of €2.0 million (€3.9 million). As in previous quarters, the effective tax rate is affected by losses for which no deferred tax asset can be recognized. For further information on taxes please see note 6 Contingent liabilities.

CASH FLOW

(€m)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Cash flow from operating activities before changes in working capital	2.3	3.7	2.8	7.0	21.5
Change in working capital	8.1	17.3	-0.3	13.6	-0.9
Cash flow from operating activities	10.4	21.0	2.5	20.6	20.6
Cash flow for the period	0.2	12.0	-7.1	1.5	-15.1

Cash flow from operating activities was negatively impacted by the lower result compared to same quarter last year. During January to June 2016 the sale of CMS Denmark improved the cash flow with €12.6 million which was used to reduce gross debt. During the second quarter, a dividend amounting to €4.9 million was paid to the shareholders.

FINANCING

(€m)	2016 Jun 30	2015 Jun 30	2015 Dec 31
Gross debt	30.6	51.2	42.9
Net debt	15.9	10.1	18.1
Net debt /EBITDA	0.6	0.3	0.6
Equity	127.7	130.3	132.0
Cash and cash equivalents	17.1	41.2	24.8

Transcom reduced gross debt from €33.0 million in the previous quarter to €30.6 million in Q2 2016 due to reduced utilization of credit facilities. The decrease in gross debt compared to December 31, 2015 is mainly due to repayment of loans. The cash position has been reduced compared to last year, mainly as a result of improved cash management. Net Debt/EBITDA is well within its financial covenant thresholds as well as Transcom's financial target.

In March 2016, a new syndicated credit agreement was signed, see note 5 Interest-bearing liabilities for further information.

During January-June 2016, net financial items deviated negatively, mainly due to unrealized foreign exchange losses in the first quarter.

RESULTS CONFERENCE CALL AND WEBCAST

Transcom will host a conference call at 10:30am CET (09:30am UK time) on Tuesday, July 19, 2016. The conference call will be held in English and will also be available as webcast on Transcom's website, www.transcom.com.

To ensure that you are connected to the conference call, please dial in a few minutes before the start in order to register your attendance. No pass code is required.

Sweden:	+46 8 505 564 74
UK:	+44 203 364 5374
US:	+1 855 753 2230

For a replay of the results conference call, please visit www.transcom.com to view the webcast of the event.

NOTICE OF FINANCIAL RESULTS

Transcom's Q3 2016 report will be published on October 20, 2016.

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Stefan Pettersson, Head of Group Communications	+46 70 776 80 88

Signatures of the Board of Directors

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 19, 2016

Henning Boysen
Chairman

Fredrik Cappelen
Director

Liselotte Hägertz Engstam
Director

Klas Johansson
Director

Mikael Larsson
Director

Erik Törnberg
Director

Johan Eriksson
President and CEO

Auditors' review report

To the Board of Directors of Transcom WorldWide AB (publ), corporate identity number 556880-1277

Introduction

We have reviewed the interim report for Transcom WorldWide AB as at June 30, 2016 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, July 19, 2016
Ernst & Young AB

Erik Åström
Authorized Public Accountant

TRANSCOM GROUP - CONDENSED CONSOLIDATED INCOME STATEMENT

(€ '000)	Notes	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue	4	139,970	157,016	287,172	317,874	626,522
Cost of sales	10	-113,934	-126,768	-235,252	-256,044	-502,833
Gross profit	**4**	**26,036**	**30,248**	**51,920**	**61,830**	**123,689**
Marketing expenses	10	-879	-828	-1,899	-1,843	-3,585
Administrative expenses	10	-22,361	-24,974	-46,554	-49,553	-99,218
Net gain/loss on disposal of business	11	-	-	3,530	-	-109
Other operating income/expenses		185	295	-202	196	-827
Operating profit/loss	**4**	**2,980**	**4,741**	**6,796**	**10,630**	**19,950**
Net financial items		-408	-1,474	-2,689	-248	-2,553
Profit/loss before tax		**2,571**	**3,267**	**4,108**	**10,382**	**17,397**
Income tax expense	6	-1,548	-2,137	-2,043	-3,904	-8,744
Profit/loss for the period attributable to equity holders of the parent		**1,024**	**1,130**	**2,065**	**6,478**	**8,653**
Earnings per share attributable to equity holders of the parent						
Earnings before dilution per Ordinary share, Euro cent per common share		3.9	4.3	7.9	24.9	33.2
Earnings after dilution per Ordinary share, Euro cent per common share		3.9	4.3	7.9	24.9	33.1

TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ '000)	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	1,024	1,130	2,065	6,478	8,653
Other comprehensive income:					
Exchange differences on translation of foreign operations	533	-1,546	-1,625	3,633	4,672
Exchange differences recycled to profit and loss	-	-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**533**	**-1,546**	**-1,625**	**3,633**	**4,672**
Actuarial profit/loss on post-employment benefit obligations	-	-	-	-	262
Income tax effect	-	-	-	-	10
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-**	**-**	**-**	**-**	**271**
Other comprehensive income for the period, net of tax	**533**	**-1,546**	**-1,625**	**3,633**	**4,943**
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	**1,557**	**-416**	**440**	**10,111**	**13,596**

TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ '000)	Notes	2016 Jun 30	2015 Jun 30	2015 Dec 31
ASSETS				
Non-current assets				
Goodwill		106,193	106,057	107,491
Other intangible assets		4,789	4,060	4,175
Tangible assets		15,895	17,655	16,398
Deferred tax assets		835	1,269	917
Other receivables		2,169	1,314	1,283
	8	**129,880**	**130,355**	**130,264**
Current assets				
Trade receivables		68,046	79,954	87,070
Income tax receivables		3,385	2,797	3,147
Other receivables		11,950	21,008	18,517
Prepaid expenses and accrued income		27,841	25,332	22,115
Cash and cash equivalents		17,114	41,163	24,826
	8	**128,335**	**170,254**	**155,675**
TOTAL ASSETS		**258,215**	**300,609**	**285,939**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent	9,12	**127,672**	**130,318**	**132,013**
Non-current liabilities				
Interest-bearing liabilities	5	27,558	34,162	34,894
Employee benefit obligations		2,425	3,509	3,177
Provisions		495	25	-
Deferred tax liabilities		927	1,653	1,343
Income tax payables		0	984	283
Other liabilities		96	75	72
	8	**31,501**	**40,408**	**39,769**
Current liabilities				
Interest-bearing liabilities	5	3,070	17,055	7,992
Provisions	6,10	3,908	1,773	3,850
Trade payables		19,351	20,838	25,428
Income tax payables		2,182	6,062	4,669
Other liabilities		25,366	28,266	27,360
Accrued expenses and prepaid income		45,164	55,889	44,858
	8	**99,042**	**129,883**	**114,157**
Total liabilities		**130,543**	**170,291**	**153,926**
TOTAL EQUITY AND LIABILITIES		**258,215**	**300,609**	**285,939**

TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Equity attributable to equity holders of the parent			
(€ '000)	Notes	Total number of shares ('000)	Number of shares held by the Group ('000)	Share capital	Other contributed capital	Other reserves and Retained earnings	Total equity
Balance, Jan 1, 2015		**26,707**	**677**	**56,084**	**8,993**	**54,919**	**119,996**
Profit/loss for the period		-	-	-	-	6,478	6,478
Other comprehensive income, net of tax		-	-	-	-	3,633	3,633
Allotment of shares (LTIP 2012)	9	-	-108	-	-	-	-
Share-based payments		-	-	-	-	211	211
Balance, Jun 30, 2015		**26,707**	**569**	**56,084**	**8,993**	**65,241**	**130,318**
Profit/loss for the period		-	-	-	-	2,175	2,175
Other comprehensive income, net of tax		-	-	-	-	1,310	1,310
Share Swap		-	-	-	-	-1,939	-1,939
Share-based payments		-	-	-	-	149	149
Balance, Dec 31, 2015		**26,707**	**569**	**56,084**	**8,993**	**66,936**	**132,013**
Profit/loss for the period		-	-	-	-	2,065	2,065
Other comprehensive income, net of tax		-	-	-	-	-1,625	-1,625
Dividend	12	-	-	-	-	-4,941	-4,941
Allotment of shares (LTIP 2013)	9	-	-76	-	-	-	-
Share-based payments		-	-	-	-	160	160
Balance, Jun 30, 2016	**9**	**26,707**	**493**	**56,084**	**8,993**	**62,595**	**127,672**

TRANSCOM GROUP - CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ '000)	Notes	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Cash flows from operating activities						
Profit/loss before tax		2,571	3,267	4,108	10,382	17,397
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items	10,11	2,746	3,297	1,634	3,300	13,983
Net financial items		408	1,474	2,689	248	2,553
Income taxes paid		-3,396	-4,342	-5,591	-6,904	-12,424
Cash flows from operating activities before changes in working capital		**2,330**	**3,696**	**2,840**	**7,026**	**21,509**
Changes in working capital		8,059	17,315	-302	13,612	-861
Cash flow from operating activities		**10,389**	**21,011**	**2,538**	**20,638**	**20,648**
Investments and disposals of tangible assets		-1,283	-4,125	-3,249	-5,303	-8,671
Investments and disposals of intangible assets		-539	-	-1,093	-	-1,209
Disposals of business, net of cash	11	-	-	12,622	-	-324
Changes in other non-current assets		-317	261	-226	220	267
Cash flow from investing activities		**-2,139**	**-3,864**	**8,055**	**-5,083**	**-9,937**
Proceeds from borrowings	5	0	4,344	27,885	6,622	7,004
Repayment of borrowings	5	-2,936	-9,108	-40,222	-19,875	-30,982
Payment of finance lease liabilities		-31	-21	-62	-52	-343
Dividend		-4,941	-	-4,941	-	-
Interest paid		-106	-314	-346	-705	-1,514
Cash flow from financing activities		**-8,014**	**-5,099**	**-17,686**	**-14,010**	**-25,835**
Cash flow for the period		**236**	**12,048**	**-7,094**	**1,545**	**-15,124**
Cash and cash equivalents at beginning of the period		16,752	29,551	24,826	38,173	38,173
Cash flow for the period		235	12,048	-7,094	1,545	-15,124
Exchange rate differences in cash and cash equivalents		127	-436	-618	1,445	1,777
Cash and cash equivalents at end of the period		**17,114**	**41,163**	**17,114**	**41,163**	**24,826**

TRANSCOM WORLDWIDE AB (PUBL) - CONDENSED INCOME STATEMENT

(€ '000)	Notes	2016 Q2	2015 Q2	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Revenue		6,727	4,944	12,672	10,787	23,664
Cost of sales		-6,498	-4,913	-12,386	-10,742	-23,242
Gross profit		**229**	**31**	**286**	**45**	**422**
Administrative expenses		-433	-2,220	-2,127	-4,166	-8,169
Other operating income/expenses		22	-9	3,799	22	3,150
Operating profit/loss		**-182**	**-2,198**	**1,958**	**-4,099**	**-4,597**
Net financial items	13	-12,936	2,330	-13,822	11,060	49,990
Profit/loss before appropriations		**-13,118**	**132**	**-11,864**	**6,961**	**45,393**
Appropriations		-	-	-	-	8,816
Profit/loss before tax		**-13,118**	**132**	**-11,864**	**6,961**	**54,209**
Income tax expense/income		-1,423	327	-541	741	-3,537
Profit/loss for the period*		**-14,541**	**459**	**-12,405**	**7,702**	**50,672**

*Profit/loss for the period corresponds with total comprehensive income.

TRANSCOM WORLDWIDE AB (PUBL) - CONDENSED BALANCE SHEET

(€ '000)	Notes	2016 Jun 30	2015 Jun 30	2015 Dec 31
ASSETS				
Non-current assets				
Intangible assets		1,763	2,514	1,441
Tangible assets		371	140	509
Investments in Group companies		86,124	92,699	94,720
Receivables from Group companies		52,284	43,946	44,884
Other receivables		-	-	-
		140,542	**139,299**	**141,554**
Current assets				
Receivables from Group companies		96,064	99,001	112,229
Other receivables		2,411	5,472	2,775
Cash and cash equivalents		1,411	152	42
		99,886	**104,625**	**115,046**
TOTAL ASSETS	14	**240,428**	**243,924**	**256,600**
EQUITY AND LIABILITIES				
Restricted equity		56,084	56,084	56,084
Unrestricted equity	9,12	34,612	10,604	51,782
		90,696	**66,688**	**107,866**
Non-current liabilities				
Interest-bearing liabilties	5	27,549	34,299	34,802
Provisions	6	495	-	-
Liabilities to Group companies		26,473	38,717	29,217
Other liabilities		97	-	155
		54,614	**73,016**	**64,174**
Current liabilities				
Interest-bearing liabilties	5	3,001	16,617	7,943
Provisions	6	1,545	-	2,375
Liabilities to Group companies		87,191	83,790	69,163
Other liabilities		3,381	3,813	5,079
		95,118	**104,220**	**84,560**
Total liabilities		**149,732**	**177,236**	**148,734**
TOTAL EQUITY AND LIABILITIES	14	**240,428**	**243,924**	**256,600**

Notes to the condensed financial statements

The accompanying notes are an integral part of the year-end condensed consolidated financial statements. Amounts in thousands of Euro, unless otherwise stated.

1. GENERAL

The Group's publicly listed Parent Company, Transcom WorldWide AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Gjörwellsgatan 30, SE-112 60 Stockholm. The Parent Company is responsible for corporate management and administration of intra-group transactions as well as holding company and internal finance functions.

2. ACCOUNTING PRINCIPLES

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, and the interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities from the Swedish Financial Reporting Board. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2015. There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning January 1, 2016 that have had a material impact on the Group.

3. RISK MANAGEMENT

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2015. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2015.

4. SEGMENTAL INFORMATION

2016 Jan-Jun	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
Total segment revenue	94,697	126,719	64,965	5,821	**292,202**
Inter-segment revenue	-2,602	-2,428	-	-	**-5,030**
Revenue from external customers	92,095	124,291	64,965	5,821	**287,172**
Gross profit	15,938	18,711	15,922	1,360	**51,930**
Operating profit/loss from segments	6,301	372	767	-645	**6,796**

2015 Jan-Jun	North Europe	Continental Europe	English-speaking markets & APAC	Latin America	Group
Total segment revenue	103,444	141,753	71,196	6,354	**322,747**
Inter-segment revenue	-2,420	-2,453	-	-	**-4,873**
Revenue from external customers	101,023	139,300	71,196	6,354	**317,874**
Gross profit	17,865	24,523	19,258	183	**61,830**
Operating profit/loss from segments	4,515	6,141	2,212	-2,237	**10,630**

In Q1 2016 the regional structure was changed in the Group and comparable figures restated accordingly. Continental Europe region combines Transcom's operations in Spain and Portugal with the former Central & South Europe region (excluding the United Kingdom). English-speaking markets & APAC region integrates the UK organization with Transcom's operations in North America & Asia Pacific. Region North Europe remains unchanged. Transcom's assets in Chile and Peru, is currently under strategic review and is together with Colombia (closed in Q4 2015) managed as a separate segment.

Revenue from two largest single customers amounted to €39,153 thousand during January to June 2016 and €23,848 thousand respectively (Jan-Jun 2015: €49,328 thousand and €29,888 thousand).

5. INTEREST-BEARING LIABILITIES

On March 9, 2016, Transcom signed a syndicated credit agreement with ING, Nordea and SEB to implement a €90,000 thousand multi-currency revolving credit facility. The facility has a tenor of three years with an option to extend for one year. The purpose of the new agreement is to refinance the existing facility which was due to expire in January 2017.

Interest rates in the facility are based on IBOR and EURIBOR plus margins. The loan is unsecured. The utilization of the loan per end of the quarter was €8,000 thousand and USD 22,000 thousand.

Due to the volatility of the USD vs the EUR there was a a slight increase in the EUR equivalent value of the USD loan in the quarter.

6. CONTINGENT LIABILITIES

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of Transcom's operations can give rise to complexity and delays in assessing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities. During these tax audits, local tax authorities may question or challenge the Group's tax positions. Disputes with tax authorities can lead to litigations in front of several courts resulting in lengthy legal proceedings.

As at June 30, 2016, five Group entities are subject to tax audits. Some of these tax inquiries have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. Two tax audits were closed in the quarter. The final reassessment of one of the audits resulted in a reduced tax charge compared to the initial reassessment and a repayment of €672 thousand. The other audit was closed with no reassessment. The Group has at June 30, 2016 a provision of €1,500 thousand related to tax audits (December 31, 2015 €2,375 thousand).

The Group has no material changes in contingent liabilities as at June 30, 2016 compared to what has been reported in the annual financial statement.

In addition to the above tax risks, the Group may be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

7. RELATED PARTY TRANSACTIONS

Previously Investment AB Kinnevik and subsidiaries were defined as related party up until March 20, 2015. Transactions up until this date with Investment AB Kinnevik were as follows: the Group's sales revenue from the Tele2 companies amounted to €26,748 thousand. Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to €139 thousand. For January to June 2016 no material related party transactions are to be reported.

8. FINANCIAL INSTRUMENTS

Classification of the Group's financial assets and liabilities:

(€ '000)	Loans and receivables	Financial liabilities amortized cost	Jun 30, 2016 Carrying amount	Jun 30, 2016 Fair value	Loans and receivables	Financial liabilities amortized cost	Dec 31, 2015 Carrying amount	Dec 31, 2015 Fair value
Total non-current assets	1,225	-	1,225	1,225	1,283	-	1,283	1,283
Total current assets	119,632	-	119,632	119,632	146,472	-	146,472	146,472
Total financial assets	**120,857**	**-**	**120,857**	**120,857**	**147,755**	**-**	**147,755**	**147,755**
Total non-current liabilities	-	27,558	27,558	27,558	-	34,894	34,894	34,894
Total current liabilities	-	72,727	72,727	72,727	-	86,573	86,573	86,573
Total financial liabilities	**-**	**100,285**	**100,285**	**100,285**	**-**	**121,467**	**121,467**	**121,467**

9. EQUITY

During April 2016 Transcom converted 150,000 class C shares to ordinary shares to be used when vesting long-term incentive plans. 75,805 shares held by Transcom were used when the long-term incentive plan 2013 was vested during the second quarter 2016. As a result, Transcom has per June 30, 2016 a total of 26,322,212 ordinary shares with one voting right each and 384,372 class C shares, also with one voting right each. All class C shares are held as treasury shares by Transcom. The total number of treasury shares held by Transcom amounts to 492,966 (384,372 class C shares and 108,594 ordinary shares). As at June 30, 2016 the share capital amounted to €56,084 thousand.

During 2015 115,000 class C shares were converted to ordinary shares. In addition, 108 272 shares held by Transcom was used when the long-term incentive plan 2012 was vested. As a result, Transcom had per December 31, 2015 a total of 26,172,212 ordinary shares with one voting right each and 534,372 class C shares, also with one voting right each.

10. RESTRUCTURING COSTS

In beginning of 2016 Transcom did a number of changes to its regional and management structure (see also Note 4). Restructuring costs amounting to €2,715 thousand, related to the organizational changes was recorded in the first quarter of 2016. €1,494 thousand in the caption Cost of sales, €73 thousand in Marketing expenses and €1,148 thousand recorded in the caption Administrative expenses.

In Q4 2015 restructuring costs amounting to €2,281 thousand were recorded related to Colombia whereof €212 thousand affected Gross profit. In Q1 2016 an additional cost of €341 thousand was recorded in the caption Administrative expenses.

11. DISPOSALS

(€ '000)	2016 Jan-Jun CMS Denmark	2015 Jan-Jun
Consideration received	**13,000**	**-**
Total non-current assets	-	-
Total current assets	11,945	-
Total assets disposed	**11,945**	**-**
Total non-current liabilities	-313	-
Total current liabilities	-2,755	-
Total liabilities disposed	**-3,068**	**-**
Net carrying value	**8,877**	**-**
Currency effects	2	-
Provision	-500	-
Transaction costs	-95	-
Post-settlement adjustment	-	-
Net capital gain/loss	**3,530**	**-**
Consideration received	13,000	-
Cash and cash equivalents disposed	-283	-
Transaction costs	-95	-
Net cash flow from disposals of subsidiary	**12,622**	**-**

On March 3, 2016 Transcom divested the Danish Credit Management Services operations (CMS Denmark) for an equity value of €13,000 thousand to an investment company, minority-owned by the current management team. Net capital gain recorded in Q1 2016 amounted to €3,530 thousand and a positive net cash flow effect of €12,622 thousand.

12. DIVIDEND

As resolved by the AGM at April 28, 2016 SEK 1.75 per share was distributed as dividend to the shareholders during the quarter, corresponding to €4,941 thousand.

13. NET FINANCIAL ITEMS

During the quarter, impairment of Investments in Group companies amounting to €13,967 thousand was recorded in the capture Net financial items, in connection with capital injections to the same Group companies.

14. PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR GROUP COMPANIES

The Parent Company has contingent liabilities for Group companies amounting to €21,716 thousand per June 30, 2016 (December 31, 2015 21,929 thousand). No pledged assets for these periods to disclose.

15. EVENTS AFTER THE REPORTING PERIOD

No events have been taken place after the end of the interim period which require disclosures or amendment of these interim condensed financial statements. As disclosed on July 14, Transcom has signed a renewed agreement with Tele2. Tele2 is Transcom's largest client, accounting for roughly 15 percent of revenue. Approximately 2,000 employees are currently dedicated to the Tele2 account, providing multichannel customer service and support to customers in Croatia, Estonia, Germany, Latvia, Lithuania, the Netherlands and Sweden.

Financial overview

(€m)	2016 Q2	2015 Q2	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec
Revenue	140.0	157.0	626.5	616.8	653.2	605.6
EBIT	3.0	4.7	20.0	21.3	-5.4	-17.6
Profit/loss before tax	2.6	3.3	17.4	18.8	-12.2	-23.6
Profit/loss for the period	1.0	1.1	8.7	6.9	-18.6	-30.6
Cash flow from operating activities	10.4	21.0	20.6	11.5	9.9	-12.4
Cash flow from operating actitivties per share (Euro cents)	40	81	79	44	38	-48
EPS (Euro cents)*	3.9	4.3	33.2	26.4	-71.3	-117.4
Return on Equity	3.2%	10.7%	6.7%	6.0%	-15.2%	-23.0%
Operating margin	2.1%	3.0%	3.2%	3.5%	-0.8%	-2.9%
Equity ratio	49.4%	43.4%	46.2%	39.5%	32.2%	37.1%
Net debt/EBITDA	0.6	0.3	0.6	0.9	1.5	2.0

**EPS has been adjusted to reflect the reverse split as if it had occurred in 2012 in the table above.*

ALTERNATIVE PERFORMANCE MEASURES

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted. The measures and basis for calculation can be found in the historical released financial reports at www.transcom.com.

<u>Organic growth:</u> change in revenue for comparable units, excluding currency effects with purpose to provide a more transparent year-on-year comparison for Transcom's business.

<u>EBIT:</u> corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

<u>Non-recurring items:</u> are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

<u>EBIT excluding non-recurring items</u>: is calculated by excluding the non-recurring items from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBIT excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

<u>EBITDA:</u> is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and amortization.

<u>EBITDA excluding non-recurring items</u>: is defined as EBITDA excluding the non-recurring items as defined above.

<u>Net debt:</u> is defined as interest-bearing liabilities and employee benefit obligations less cash and cash equivalents per balance day.

<u>Net debt/EBITDA</u>: is defined as interest-bearing liabilities and pension provisions less cash and cash equivalents divided by rolling 12 months EBITDA. The net debt to EBITDA ratio is a financial target for Transcom.

<u>Return on Equity:</u> Net income (rolling 12 months) divided by average equity (average calculation based on equity per balance day the last five quarters).

<u>Equity ratio:</u> Total shareholders' equity divided by total assets per balance day.

OTHER DEFINITIONS

North Europe region: services delivered from Denmark (deconsolidated from March 2016), Estonia, Latvia, Lithuania, the Netherlands, Norway and Sweden.

Continental Europe region: services delivered from Italy, Germany, Poland, Portugal, Spain, Tunisia, Hungary, Croatia and Serbia.

English-speaking markets & APAC region: services delivered from the Philippines, UK, USA and Canada.

Latin America region: services delivered from Colombia (closed in December 2015), Peru and Chile.
Increases in revenues, EBIT and profit before tax refer to the percentage increase in income statement item year-over-year.

ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are 30,000 customer experience specialists at 52 contact centers across 21 countries, delivering services in 33 languages to international brands in various industry verticals. Transcom's share is listed on the Nasdaq Stockholm Exchange under the ticker symbol TWW.